



SEP 26 2005

The Honorable Richard B. Cheney  
President of the Senate  
Washington, DC 20510

Dear Mr. President:

Section 303 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, Public Law 108-173, enacted December 8, 2003, established a new methodology for Medicare Part B reimbursement of drugs and biologicals. Section 303 required the Office of Inspector General (OIG) to report to Congress, not later than October 1, 2005, on the adequacy of the reimbursement rates under the new methodology. The enclosed final report responds to the MMA requirement.

Section 303 of the MMA specifically required that OIG audit a representative sample of physician practices in the specialties of hematology, hematology/oncology, and medical oncology to determine whether such practices could obtain drugs for the treatment of cancer patients at 106 percent of the average sales price (ASP). Effective January 1, 2005, reimbursement to physician practices for drugs is generally set at 106 percent of the ASP.

The enclosed report concludes that physician practices in the specialties of hematology, hematology/oncology, and medical oncology could generally purchase drugs for the treatment of cancer patients at less than the MMA-established reimbursement rates. We based this conclusion on a statistical estimate of average prices paid by physician practices for 39 payment codes that constituted more than 94 percent of the \$4.5 billion in total 2004 Medicare-allowed amounts for drugs associated with these 3 specialties. We also based the conclusion on a statistical estimate of the percentage of practice/months for which physician practices were able to purchase drugs at less than the reimbursement amount.

If you have any questions or comments regarding the issues discussed in the report, please contact me, or have your staff call Judy Holtz, Acting Director of External Affairs, at (202) 619-0260. Please refer to report number A-06-05-00024.

We are sending an identical letter to the Speaker of the House of Representatives.

Sincerely,

A handwritten signature in cursive script that reads "Daniel R. Levinson".

Daniel R. Levinson  
Inspector General

Enclosure

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**ADEQUACY OF MEDICARE  
PART B DRUG REIMBURSEMENT  
TO PHYSICIAN PRACTICES FOR  
THE TREATMENT OF CANCER  
PATIENTS**

*REPORT TO CONGRESS*



**Daniel R. Levinson  
Inspector General**

**SEPTEMBER 2005  
A-06-05-00024**

# ***Office of Inspector General***

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The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Medicare Part B currently covers a limited number of outpatient prescription drugs and biologicals<sup>1</sup> (collectively referred to as drugs). Those that are covered include injectable drugs administered by a physician; certain self-administered drugs, such as oral anticancer drugs and immunosuppressive drugs; drugs used in conjunction with durable medical equipment; and some vaccines.

The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 established a new methodology for Medicare Part B reimbursement of most covered drugs. Effective January 1, 2005, reimbursement to physician practices for drugs is generally set at 106 percent of the average sales price (ASP).

Medicare Part B reimburses physician practices for drugs based on payment codes. Each quarter, the Centers for Medicare & Medicaid Services (CMS) uses the manufacturer-reported ASPs to calculate the reimbursement amount for each payment code.

Section 303 of the MMA mandated that the Office of Inspector General (OIG) report to Congress on the adequacy of the reimbursement rates under the new methodology. Section 303 specifically required that OIG audit a representative sample of physician practices in the specialties of hematology, hematology/oncology, and medical oncology to determine whether such practices could obtain drugs for the treatment of cancer patients at 106 percent of the ASP.

### **OBJECTIVE**

Our objective was to determine whether physician practices in the specialties of hematology, hematology/oncology, and medical oncology could purchase drugs for the treatment of cancer patients at the MMA-established reimbursement rates.

### **RESULTS OF REVIEW**

Physician practices in the specialties of hematology, hematology/oncology, and medical oncology could generally purchase drugs for the treatment of cancer patients at less than the MMA-established reimbursement rates. We based this conclusion on a statistical estimate of average prices paid by physician practices for 39 payment codes that constituted more than 94 percent of the \$4.5 billion in total 2004 Medicare-allowed amounts for drugs associated with these 3 specialties. We also based the conclusion on a statistical estimate of the percentage of practice/months for which physician practices were able to purchase drugs at less than the reimbursement amount.<sup>2</sup>

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<sup>1</sup>Biologicals are medicinal compounds prepared from living organisms and their products.

<sup>2</sup>A practice/month represents a month in the first quarter of 2005 in which a physician practice could have purchased a drug.

Overall, we estimated that the average prices paid for drugs associated with 35 of the 39 payment codes were less than the reimbursement amounts. In addition, we estimated that for at least half of the practice/months, the physician practices could purchase the drugs at less than the reimbursement amounts for 35 of the 39 codes.

## **RECOMMENDATION**

We recommend that Congress consider the results of our review, including the data provided, in any deliberations regarding the Medicare Part B reimbursement methodology for drugs for the treatment of cancer patients.

## **COMMENTS FROM THE CENTERS FOR MEDICARE & MEDICAID SERVICES**

In its comments on a draft of this report, CMS stated that the report provides valuable information about payment adequacy for Part B drugs used in cancer treatment. We have included CMS's comments as Appendix F.

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## INTRODUCTION

### BACKGROUND

Medicare Part B currently covers a limited number of outpatient prescription drugs and biologicals<sup>1</sup> (collectively referred to as drugs). Those that are covered include injectable drugs administered by a physician; certain self-administered drugs, such as oral anticancer drugs and immunosuppressive drugs; drugs used in conjunction with durable medical equipment; and some vaccines.

The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 established a new methodology for Medicare Part B reimbursement of most covered drugs. Effective January 1, 2005, reimbursement to physician practices for drugs is generally set at 106 percent of the average sales price (ASP) that manufacturers report. Prior to this date, reimbursement was based on discounts from the average wholesale price, a price published in various drug-pricing compendia.

Unlike average wholesale price, the ASP is statutorily defined and is based on actual manufacturer sales data. The ASP is a manufacturer's unit sales of a drug to all purchasers in the United States in a calendar quarter divided by the total number of units of the drug sold by the manufacturer in that quarter. The ASP is net of any price concessions and excludes certain sales, including those at a nominal charge.

Drug manufacturers are required to report quarterly to the Centers for Medicare & Medicaid Services (CMS) the ASP for each drug covered by Medicare Part B. The manufacturers report the ASP separately for each national drug code (NDC), a unique three-segment number that identifies the labeler/vendor, product, and package size. The Food and Drug Administration maintains the current NDCs.

Medicare Part B reimburses physician practices for drugs based on payment codes, which are part of the Healthcare Common Procedure Coding System. Each payment code has a fixed CMS-assigned billing unit. Each time a physician practice submits a bill for a covered drug, it must specify the number of billing units administered to the patient. For example, suppose a billing unit for a given payment code is 50 milligrams. When the physician practice administers 100 milligrams, it should bill for two billing units.

In addition, one payment code can cover numerous NDCs, which represent drugs that may be manufactured by different companies in different package sizes and strengths. The package size and/or strength denoted by an NDC may not equal the billing unit for the related payment code. Due to these complexities, CMS publishes a payment code/NDC crosswalk that identifies the payment code associated with each NDC, as well as the number of billing units for each NDC.

Each quarter, CMS uses the manufacturer-reported ASPs for sales that occurred two quarters earlier to calculate the reimbursement amount for each payment code. For example, the ASP

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<sup>1</sup>Biologicals are medicinal compounds prepared from living organisms and their products.



amounts used for reimbursement in the first quarter of 2005 were based on ASPs reported by manufacturers for the third quarter of 2004. This process allows manufacturers 30 days after a quarter ends to calculate and report their ASPs and allows CMS time to calculate the payment code ASPs. The reimbursement amount is generally set at 106 percent of the ASP for each payment code.

Section 303 of the MMA mandated that the Office of Inspector General (OIG) report to Congress on the adequacy of the reimbursement rate under the new ASP methodology. Section 303 specifically required that OIG audit a representative sample of physician practices, especially large practices, in the specialties of hematology, hematology/oncology, and medical oncology to determine whether such practices could obtain drugs for the treatment of cancer patients at 106 percent of the ASP.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether physician practices in the specialties of hematology, hematology/oncology, and medical oncology could purchase drugs for the treatment of cancer patients at the MMA-established reimbursement rates.

### **Scope and Methodology**

Our review focused on purchases made by physician practices during the first quarter of 2005 (January through March). Because Medicare Part B reimburses physician practices for drugs based on payment codes, accomplishing our objective required us to compare the reimbursement for selected payment codes with the purchase prices of the related drugs. We limited our review to the purchase prices of drugs and did not address any associated costs, such as those for storing, handling, and administering the drugs. We also did not evaluate the accuracy of CMS's published reimbursement amounts (106 percent of the ASPs).

We interviewed representatives of an oncology practice to gain an understanding of how physician practices purchased drugs. We also discussed numerous aspects of drug purchasing by physician practices with industry representatives from the American Society of Clinical Oncologists, the American Society of Hematologists, and the Community Oncology Alliance.

We identified a universe of 1,901 physician practices whose Medicare-allowed amounts for chemotherapy drugs totaled more than \$25,000 each in 2003 (the most recent paid claims data available to us at the start of our review). The universe consisted of only those physician practices that reported the specialty codes for hematology, hematology/oncology, or medical oncology.

To analyze whether the size of physician practices affected purchase prices, we divided our universe into six strata based on Medicare-allowed amounts. We used the Medicare-allowed amounts as a measure of practice size. As shown in Table 1, the "large practices" stratum consisted of the five largest practices with Medicare-allowed amounts in excess of

\$14 million each. Strata 1 through 5 consisted of progressively smaller Medicare-allowed amounts.

**Table 1: Stratification of Universe**

<b>Stratum</b>	<b>Medicare-Allowed Amount Range</b>	<b>Number of Practices</b>	<b>Number of Practice/Months</b>
“Large Practices”	> \$14,000,000	5	15
1	\$3,000,001 to \$14,000,000	115	345
2	\$1,500,001 to \$3,000,000	243	729
3	\$750,001 to \$1,500,000	386	1,158
4	\$250,001 to \$750,000	648	1,944
5	\$25,001 to \$250,000	504	1,512
<b>Total</b>		<b>1,901</b>	<b>5,703</b>

A “practice/month” represents a month in the first quarter of 2005 in which a physician practice could have purchased a drug. We reviewed all 15 practice/months from the stratum containing the largest practices and selected a random sample of 40 practice/months from the physician practices in each of the 5 other strata. Our total sample size consisted of 215 practice/months and 193 unique physician practices. In total, we received purchase data for 203 of the 215 practice/months. See Appendix A for a detailed description of our sample design.

We also selected for analysis 40 drug payment codes. These payment codes represented more than 94 percent of the \$4.5 billion in total 2004 Medicare-allowed amounts for drugs administered by physician practices in the 3 mandated specialties. We selected 5 of the 40 payment codes because of industry concerns about the adequacy of reimbursement. We did not receive enough responses for one code, J9160, to reliably estimate the average purchase price or the number of practice/months for which physician practices were able to purchase drugs at less than the reimbursement amount. The remaining 39 payment codes still represented more than 94 percent of the 2004 Medicare-allowed amounts.

We requested copies of all drug purchase invoices for the sampled practice/months from the physician practices. Some of the larger physician practices provided summary data of their monthly drug purchases. In those instances, we verified the summary data by reviewing selected supporting invoices obtained from the physician practices.

We asked the physician practices to report the amounts of any rebates or other off-invoice price concessions associated with the drugs purchased. Because rebates are usually paid at the end of a quarter or, in some cases, at the end of the year, physician practices did not always know the exact amount of rebates associated with drugs that they purchased in January through March. When physician practices did not know the exact amount, we asked them to estimate an amount based on historical information or the best information available to them.

We reduced the invoice prices by the amounts that the physician practices reported or estimated. We did not verify the reported rebate amounts.

We did not include prompt-payment discounts in our estimates of average purchase prices because we believe that the decisions to take such discounts are physician practice business decisions that should not affect our estimates. We did not want to penalize physician practices that did not or could not take advantage of prompt-payment discounts due to financial considerations. By not including prompt-payment discounts, our estimates of average purchase prices are more conservative and therefore higher than they would have been had we included those discounts. When invoice prices included prompt-payment discounts (which generally ranged from 1 to 3 percent), we added the discounts back into the purchase prices. One prominent drug distributor had numerous payment terms affecting prompt-payment discounts, and, in some cases, the discounts could vary by drug. The distributor provided us with a reasonable methodology that we used to account for those discounts.

Using CMS's payment code/NDC crosswalk, we analyzed invoice items related to the payment codes and converted the quantity purchased for each identified NDC into billing units for the corresponding payment codes. We calculated the average price for each practice/month for drugs associated with each payment code and used the calculated average prices for our estimates. We calculated all prices at the billing-unit level rather than the NDC level. We compared these average price estimates with reimbursement amounts published by CMS on May 12, 2005, for the first quarter of 2005.

We conducted fieldwork from January through August 2005. We conducted the review in accordance with generally accepted government auditing standards.

## **RESULTS OF REVIEW AND RECOMMENDATION**

Physician practices in the specialties of hematology, hematology/oncology, and medical oncology could generally purchase drugs for the treatment of cancer patients at less than the MMA-established reimbursement rates. We based this conclusion on a statistical estimate of average prices paid by physician practices for 39 payment codes that constituted more than 94 percent of the \$4.5 billion in total 2004 Medicare-allowed amounts for drugs associated with these 3 specialties. We also based the conclusion on a statistical estimate of the percentage of practice/months for which physician practices were able to purchase drugs at less than the reimbursement amount.

### **ESTIMATES OF AVERAGE PRICES**

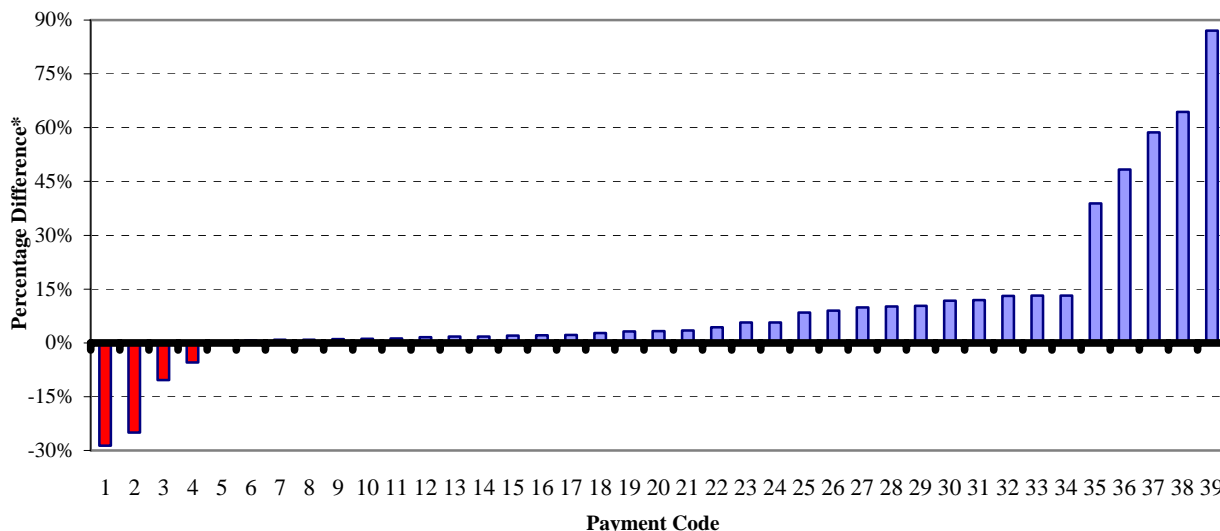
Overall, we estimated that the average price paid for drugs associated with 35 of the 39 payment codes was less than the reimbursement amount.<sup>2</sup> Chart 1 compares the difference

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<sup>2</sup>We estimated the average price paid for only 39 of the 40 selected payment codes because, for 1 of the payment codes, only 9 practices reported purchases of the drugs. None of the nine practices purchased the drugs at less than the reimbursement amount. The purchase prices reported ranged from \$1,308.00 to \$1,376.84, while the reimbursement amount was \$1,205.53.

between the reimbursement amount and the estimated average purchase price as a percentage of the reimbursement amount. (See Appendix B for the corresponding payment codes.)

**Chart 1: Reimbursement Compared With Estimated Average Purchase Price**



\*Percentage difference =  $\frac{\text{reimbursement amount} - \text{estimated average payment price}}{\text{reimbursement amount}} \times 100$

As Chart 1 depicts, our estimates of the average purchase prices were within 15 percent of the reimbursement amounts for all but seven of the payment codes. For five of the seven codes (shown as codes 35 to 39), the purchase prices were from 38.9 percent to 87.1 percent below the reimbursement amounts. For two codes (shown as codes 1 and 2), the purchase prices were 28.6 percent and 25.0 percent, respectively, above the reimbursement amounts.

Regardless of their size, physician practices could purchase most drugs within the 39 payment codes reviewed at less than the reimbursement amount. (See the “> 0%” row of Table 2 on the next page.) Larger physician practices purchased drugs at greater discounts (i.e., at least 15 percent below reimbursement) for more payment codes than smaller practices. For example, in the “large practices” stratum, which contained physician practices with Medicare-allowed amounts greater than \$14 million, the difference between the reimbursement amount and the estimated average purchase price was more than 15 percent of the reimbursement amount for 16 payment codes. However, this was true for only five payment codes in stratum 5, which contained smaller practices with Medicare-allowed amounts up to \$250,000.

Table 2 on the next page shows, cumulatively by stratum, the number of payment codes reimbursed at various levels above the estimated average purchase prices. Table 2 also shows the number of payment codes reimbursed below the estimated average purchase prices.

**Table 2: Reimbursement Compared With Purchase Price by Stratum**

As a Percentage of Reimbursement	Number of Payment Codes					
	“Large Practices” Stratum	Stratum 1	Stratum 2	Stratum 3	Stratum 4	Stratum 5
> 25%	11	6	6	5	5	5
> 15%	16	13	13	9	5	5
> 10%	19	17	15	15	10	7
> 5%	24	23	19	18	17	12
> 0%	36	37	35	32	33	33
<b>Total</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>38*</b>	<b>39</b>	<b>37*</b>
≤ 0%	3	2	4	6	6	4

\*Physician practices in these strata did not report purchases for all 39 payment codes.

Although larger physician practices purchased drugs at prices farther below the reimbursement amounts for more payment codes than smaller practices, there were notable exceptions. As an example, for one payment code, we estimated that the “large practices” stratum paid the highest price, while for another payment code, we estimated that stratum 5 paid the lowest price.

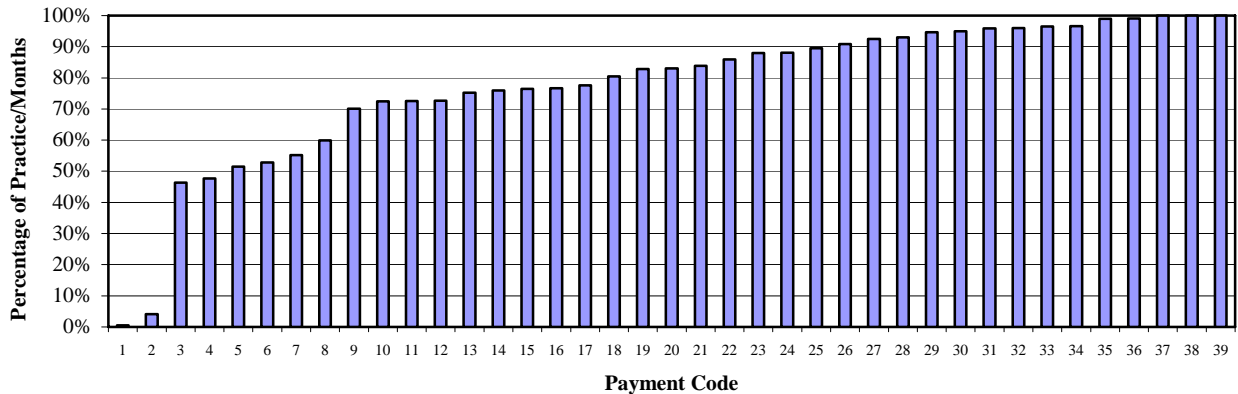
Our estimates of the average prices paid for drugs related to the 39 payment codes provided a reasonable basis for concluding that reimbursement was generally adequate because these payment codes represented more than 94 percent of the total Medicare-allowed amount. However, we made other observations pertaining to specific payment codes. For example, although our average price estimate for 1 payment code was below the reimbursement amount, the individual average purchase prices for 23 of the 172 practice/months were higher than the reimbursement amount. Also, as previously noted, the average purchase price for one payment code was 87.1 percent below the reimbursement amount. Evaluating these observations was beyond the scope of our review.

See Appendix C for summary results of our average price estimate for each payment code and Appendix D for detailed results by stratum.

## **ABILITY TO PURCHASE DRUGS AT LESS THAN REIMBURSEMENT**

We also estimated that for 35 of the 39 codes (shown as payment codes 5 through 39 in Chart 2 on the next page), physician practices could purchase drugs at less than the reimbursement amounts for at least half of the practice/months. (See Appendix B for the corresponding payment codes.) Further, for more than two-thirds of the codes (27 of 39), physician practices could purchase drugs at prices below reimbursement for at least 75 percent of the practice/months.

**Chart 2: Ability To Purchase Drugs for Less Than Reimbursement**



Conversely, we estimated that for 4 of the 39 codes, physician practices could not purchase drugs at less than the reimbursement amounts for more than half of the practice/months. For two of the four codes, physician practices could purchase drugs at prices below reimbursement for very few practice/months. In addition, for three of the four codes, this condition was consistent with our estimate of average prices in that our estimate was higher than the reimbursement amount for each of these codes. For the last of the four codes, we estimated that the average price was approximately 1 percent lower than the reimbursement amount.

See Appendix E for the detailed results of our estimate of the number of practice/months for which physician practices were able to purchase drugs for amounts less than reimbursement.

## **RECOMMENDATION**

We recommend that Congress consider the results of our review, including the data provided, in any deliberations regarding the Medicare Part B reimbursement methodology for drugs for the treatment of cancer patients.

## **COMMENTS FROM THE CENTERS FOR MEDICARE & MEDICAID SERVICES**

In its comments on a draft of this report, CMS stated that the report provides valuable information about payment adequacy for Part B drugs used in cancer treatment. We have included CMS's comments as Appendix F.

# **APPENDIXES**

## SAMPLE DESCRIPTION

### AUDIT OBJECTIVE

Our objective was to determine whether physician practices in the specialties of hematology, hematology/oncology, and medical oncology could purchase drugs for the treatment of cancer patients at the reimbursement rates established by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

### POPULATION

The sampling population was 1,901 physician practices in specialty codes 82, 83, and 90 (hematology, hematology/oncology, and medical oncology, respectively) whose 2003 Medicare-allowed amounts for chemotherapy drugs in the J9000 series of payment codes totaled more than \$25,000 each.

### SAMPLING FRAME

The sampling frame was 1,901 physician practices that we identified from 2003 Medicare paid claims data. We identified the practices based on unique taxpayer identification numbers for claims processed with specialty codes 82, 83, and 90 and for payment codes in the J9000 series. Each of the 1,901 practices was listed 3 times in the sampling frame, once each for January, February, and March of 2005. We defined each of these listings as a practice/month, for a total of 5,703 practice/months in our sampling frame.

### SAMPLING UNIT

The sampling unit was a practice/month.

### SAMPLE DESIGN

We used a stratified random sample. We divided the physician practices into six strata based on 2003 Medicare-allowed amounts for chemotherapy drugs.

<b>Stratum</b>	<b>Medicare-Allowed Amount Range</b>	<b>Number of Practices</b>	<b>Number of Practice/ Months</b>
"Large Practices" (LP)	> \$14,000,000	5	15
1	\$3,000,001 to \$14,000,000	115	345
2	\$1,500,001 to \$3,000,000	243	729
3	\$750,001 to \$1,500,000	386	1,158
4	\$250,001 to \$750,000	648	1,944
5	\$25,001 to \$250,000	504	1,512
<b>Total</b>		<b>1,901</b>	<b>5,703</b>



**SAMPLE SIZE**

We selected 40 practice/months from each stratum, with the exception of the top stratum, from which we selected all 15 practice/months. Our total sample size was 215 practice/months.

**SOURCE OF RANDOM NUMBERS**

We used Office of Audit Services (OAS) statistical sampling software to generate the random numbers.

**METHOD OF SELECTING SAMPLE ITEMS**

We numbered the practice/months in each stratum sequentially. We generated random numbers based on the sequential numbers and linked the random numbers to the sequential numbers to select practice/months for review.

**CHARACTERISTICS TO BE MEASURED**

We obtained copies of all drug purchase invoices for the selected practice/months. For some of the larger practices, we obtained monthly summary data rather than every invoice. We reduced the invoice prices for any drugs for which the practices reported receiving rebates. We did not include any prompt-payment discounts in estimating the prices paid by the practices. If an invoice price included a prompt-payment discount, we added the discount back into the purchase price.

We selected for analysis 40 drug payment codes containing 425 separate NDCs and consisting of:

- the 25 payment codes with the highest total Medicare-allowed amounts for drugs administered by the 3 mandated specialties during 2004,<sup>1</sup>
- 5 payment codes that industry associations represented to us as insufficiently reimbursed, and
- 10 additional payment codes for drugs that were purchased in the most practice/months in our sample.

For 39 of the 40 selected payment codes, we estimated the average purchase prices and the number of practice/months for which physician practices were able to purchase drugs for less than the reimbursement amounts. For the remaining payment code, not enough practices reported drug purchases to provide reliable estimates.

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<sup>1</sup>2004 Medicare Part B summary data were available to identify reimbursed amounts for the 40 payment codes. Because the summary data were not sufficient to identify the universe of physician practices, we used 2003 data for that purpose.

**TREATMENT OF MISSING SAMPLE ITEMS**

If a physician practice went out of business between 2003 and the first quarter of 2005, we replaced the sample item and reduced the population accordingly. If a practice did not respond to our request or did not report purchases for one of the selected payment codes, we reduced the sample size for that sampling unit but not the population.

**ESTIMATION METHODOLOGY**

We used OAS variable appraisal software to estimate the average price paid for each payment code by stratum, with an additional estimate of the overall average purchase price. We also used OAS attribute appraisal software to estimate the percentage of practice/months for which physician practices were able to purchase drugs for less than the reimbursement amount for each payment code by stratum.

**APPENDIX B****PAYMENT CODE KEYS FOR CHARTS 1 AND 2****Chart 1**

<b>Number in Chart</b>	<b>Payment Code</b>
1	J9000
2	J1650
3	J9217
4	J9265
5	J9310
6	J9395
7	J1563
8	J0207
9	J2820
10	J1200
11	J2353
12	J9350
13	J9001
14	J9293
15	J9206
16	J9263
17	J9355
18	J3487
19	J9035
20	J9185
21	J9201
22	J2430
23	J9170
24	J9181
25	J2505
26	J9370
27	J1626
28	J2469
29	J0640
30	J9190
31	J0880
32	J1441
33	Q0136
34	J9070
35	J1260
36	J9390
37	J9060
38	J1100
39	J9045

**Chart 2**

<b>Number in Chart</b>	<b>Payment Code</b>
1	J1650
2	J9000
3	J2820
4	J9265
5	J9190
6	J1563
7	J9310
8	J1200
9	J2353
10	J2505
11	J9001
12	J9217
13	J9395
14	J0880
15	J9355
16	J9263
17	J9350
18	J0640
19	J9370
20	J9181
21	J9170
22	J0207
23	J2430
24	J9185
25	J9070
26	J1626
27	J3487
28	J9293
29	J9206
30	J9390
31	J2469
32	J9035
33	J9201
34	Q0136
35	J1100
36	J1441
37	J9045
38	J9060
39	J1260

## SUMMARY RESULTS OF ESTIMATED AVERAGE PURCHASE PRICES

Payment Code	2004 Medicare-Allowed Amount	Estimated Average Purchase Price	1st Quarter Reimbursement Amount	Percentage Difference <sup>1</sup>
<b>25 Payment Codes With the Highest Total Allowed Amounts</b>				
Q0136	\$753,463,938.13	\$9.20	\$10.60	13.2%
J0880	621,136,432.39	15.61	17.72	11.9%
J9310	494,729,614.79	440.10	442.01	0.4%
J2505	406,609,308.13	2,080.71	2,273.93	8.5%
J9170	216,485,633.40	280.71	297.58	5.7%
J9265	202,844,123.85	16.71	15.85	-5.4%
J9045	201,785,583.74	16.24	125.47	87.1%
J3487	178,234,619.17	192.95	198.39	2.7%
J9263	170,054,661.96	8.07	8.24	2.1%
J9201	149,841,280.76	111.40	115.34	3.4%
J9206	113,956,826.81	123.00	125.58	2.1%
J2430	104,541,845.29	56.50	59.06	4.3%
J9355	79,092,572.46	51.80	52.99	2.2%
J1563	74,471,291.48	56.25	56.72	0.8%
J1260	67,561,541.24	4.04	6.61	38.9%
J1626	62,384,362.39	6.39	7.09	9.9%
J1441	50,975,619.75	245.46	282.41	13.1%
J2353	40,309,799.57	84.40	85.39	1.2%
J9350	31,681,593.26	730.88	739.69	1.2%
J9395	29,707,527.72	79.97	80.51	0.7%
J9001	27,626,481.24	353.30	359.63	1.8%
J9217	27,558,995.86	279.34	253.13	-10.4%
J9185	27,505,068.48	263.12	272.10	3.3%
J9390	23,880,176.05	35.71	69.09	48.3%
J9293	21,307,270.57	316.10	321.80	1.8%
<b>5 Payment Codes Identified by Industry</b>				
J2820	\$14,952,588.79	\$21.44	\$21.67	1.1%
J0207	12,142,417.37	414.00	417.56	0.9%
J9000	5,347,499.81	5.48	4.26	-28.6%
J9160 <sup>2</sup>	5,195,080.95		1,205.53	
J1650	1,559,077.46	6.45	5.16	-25.0%

<sup>1</sup>Percentage difference =  $\frac{\text{reimbursement amount} - \text{estimated average payment price}}{\text{reimbursement amount}} \times 100$

<sup>2</sup>An insufficient number of practices purchased this drug to enable us to estimate an average purchase price.

<b>Payment Code</b>	<b>2004 Medicare-Allowed Amount</b>	<b>Estimated Average Purchase Price</b>	<b>1st Quarter Reimbursement Amount</b>	<b>Percentage Difference</b>
<b>Additional 10 Payment Codes</b>				
J0640	\$9,008,071.32	\$1.16	\$1.30	10.8%
J9060	3,515,165.63	2.05	4.96	58.7%
J9190	2,065,311.40	1.49	1.68	11.3%
J9370	1,597,611.18	3.18	3.50	9.1%
J1100	1,321,877.74	0.05	0.14	64.3%
J9181	1,012,476.41	0.46	0.49	6.1%
J9070	888,971.95	2.03	2.34	13.2%
J1200	772,680.96	0.93	0.94	1.1%
J9035 <sup>3</sup>		55.27	57.08	3.2%
J2469 <sup>4</sup>		16.38	18.23	10.1%

<sup>3</sup>New payment code for 2005.

<sup>4</sup>Id.

## ESTIMATED AVERAGE PURCHASE PRICES

	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	12	\$400.42	\$399.06	\$401.78	\$395.79	\$410.09
<b>J0207</b>	1	345	19	407.61	404.39	410.83	397.91	418.56
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	13	412.00	409.61	414.39	403.10	420.25
<b>\$417.56</b>	3	1,158	6	422.08	408.66	435.50	403.97	450.72
2004 Allowed Amount	4	1,944	6	413.29	409.86	416.72	408.26	420.80
<b>\$12,142,417.37</b>	5	1,512	3	411.27	400.29	422.25	403.97	416.46
<b>Total</b>		<b>5,703</b>	<b>59</b>	<b>\$414.00</b>	<b>\$411.06</b>	<b>\$416.94</b>	<b>\$395.79</b>	<b>\$450.72</b>
Payment Code	LP	15	14	\$0.94	\$0.93	\$0.95	\$0.85	\$1.06
<b>J0640</b>	1	345	39	0.98	0.95	1.01	0.83	1.42
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	1.06	0.99	1.13	0.86	2.20
<b>\$1.30</b>	3	1,158	38	1.14	1.02	1.26	0.86	2.71
2004 Allowed Amount	4	1,944	28	1.19	1.08	1.30	0.87	2.37
<b>\$9,008,071.32</b>	5	1,512	23	1.24	1.07	1.41	0.89	2.35
<b>Total</b>		<b>5,703</b>	<b>181</b>	<b>\$1.16</b>	<b>\$1.10</b>	<b>\$1.22</b>	<b>\$0.83</b>	<b>\$2.71</b>
Payment Code	LP	15	13	\$12.33	\$12.02	\$12.64	\$11.18	\$17.44
<b>J0880</b>	1	345	39	13.56	13.04	14.08	10.97	18.44
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	37	14.19	13.83	14.55	11.20	18.37
<b>\$17.72</b>	3	1,158	36	14.80	14.34	15.26	12.61	18.46
2004 Allowed Amount	4	1,944	26	16.05	15.26	16.84	12.26	20.29
<b>\$621,136,432.39</b>	5	1,512	21	16.85	16.21	17.49	13.69	19.04
<b>Total</b>		<b>5,703</b>	<b>172</b>	<b>\$15.61</b>	<b>\$15.28</b>	<b>\$15.93</b>	<b>\$10.97</b>	<b>\$20.29</b>
Payment Code	LP	15	15	\$0.04	\$0.04	\$0.04	\$0.02	\$0.07
<b>J1100</b>	1	345	34	0.03	0.03	0.03	0.01	0.07
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	31	0.04	0.03	0.05	0.02	0.19
<b>\$0.14</b>	3	1,158	35	0.03	0.02	0.04	0.02	0.14
2004 Allowed Amount	4	1,944	20	0.05	0.04	0.06	0.02	0.14
<b>\$1,321,877.74</b>	5	1,512	5	0.07	0.02	0.12	0.02	0.13
<b>Total</b>		<b>5,703</b>	<b>140</b>	<b>\$0.05</b>	<b>\$0.04</b>	<b>\$0.06</b>	<b>\$0.01</b>	<b>\$0.19</b>

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$0.83	\$0.83	\$0.83	\$0.78	\$0.96
<b>J1200</b>	1	345	36	0.86	0.84	0.88	0.72	1.10
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	34	0.90	0.86	0.94	0.65	1.19
<b>\$0.94</b>	3	1,158	29	0.92	0.88	0.96	0.71	1.21
2004 Allowed Amount	4	1,944	18	0.91	0.83	0.99	0.65	1.48
<b>\$772,680.96</b>	5	1,512	8	0.98	0.79	1.17	0.69	1.64
<b>Total</b>		<b>5,703</b>	<b>140</b>	<b>\$0.93</b>	<b>\$0.87</b>	<b>\$0.98</b>	<b>\$0.65</b>	<b>\$1.64</b>

Payment Code	LP	15	10	\$3.91	\$3.90	\$3.92	\$3.86	\$3.94
<b>J1260</b>	1	345	24	3.97	3.95	3.99	3.90	4.12
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	28	4.07	4.01	4.13	3.87	4.50
<b>\$6.61</b>	3	1,158	23	4.00	3.92	4.08	3.60	4.50
2004 Allowed Amount	4	1,944	16	4.01	3.89	4.13	3.22	4.49
<b>\$67,561,541.24</b>	5	1,512	11	4.11	3.97	4.25	3.86	4.50
<b>Total</b>		<b>5,703</b>	<b>112</b>	<b>\$4.04</b>	<b>\$3.99</b>	<b>\$4.09</b>	<b>\$3.22</b>	<b>\$4.50</b>

Payment Code	LP	15	12	\$198.97	\$197.76	\$200.18	\$193.15	\$212.92
<b>J1441</b>	1	345	33	218.70	211.66	225.74	193.15	271.70
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	30	225.96	219.43	232.49	193.64	274.48
<b>\$282.41</b>	3	1,158	22	238.21	228.28	248.14	213.41	287.31
2004 Allowed Amount	4	1,944	16	249.22	239.08	259.36	211.52	277.42
<b>\$50,975,619.75</b>	5	1,512	8	262.14	248.88	275.40	216.95	277.42
<b>Total</b>		<b>5,703</b>	<b>121</b>	<b>\$245.46</b>	<b>\$240.52</b>	<b>\$250.39</b>	<b>\$193.15</b>	<b>\$287.31</b>

Payment Code	LP	15	15	\$48.09	\$48.09	\$48.09	\$40.52	\$57.03
<b>J1563</b>	1	345	25	50.68	47.86	53.50	37.70	75.80
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	25	54.39	52.05	56.73	37.01	73.24
<b>\$56.72</b>	3	1,158	17	57.66	53.88	61.44	43.00	79.13
2004 Allowed Amount	4	1,944	7	59.06	55.40	62.72	48.88	63.33
<b>\$74,471,291.48</b>	5	1,512	5	53.81	49.98	57.64	48.93	59.01
<b>Total</b>		<b>5,703</b>	<b>94</b>	<b>\$56.25</b>	<b>\$54.71</b>	<b>\$57.78</b>	<b>\$37.01</b>	<b>\$79.13</b>

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	13	\$5.58	\$5.55	\$5.61	\$5.30	\$5.72
<b>J1626</b>	1	345	30	5.92	5.38	6.46	5.42	15.62
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	26	5.93	5.29	6.57	4.77	15.48
<b>\$7.09</b>	3	1,158	21	5.77	5.48	6.06	5.38	9.09
2004 Allowed Amount	4	1,944	11	6.52	4.95	8.09	5.55	15.18
<b>\$62,384,362.39</b>	5	1,512	12	7.04	5.25	8.83	5.54	16.47
	<b>Total</b>	<b>5,703</b>	<b>113</b>	<b>\$6.39</b>	<b>\$5.73</b>	<b>\$7.05</b>	<b>\$4.77</b>	<b>\$16.47</b>

Payment Code	LP	15	6	\$6.14	\$6.00	\$6.28	\$5.88	\$6.34
<b>J1650</b>	1	345	22	6.13	5.91	6.35	4.41	8.34
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	12	6.12	6.00	6.24	5.64	6.34
<b>\$5.16</b>	3	1,158	(1)	N/A	N/A	N/A	0.00	0.00
2004 Allowed Amount	4	1,944	3	6.63	6.20	7.06	6.34	6.85
<b>\$1,559,077.46</b>	5	1,512	(1)	N/A	N/A	N/A	6.34	6.34
	<b>Total</b>	<b>5,703</b>	<b>43</b>	<b>\$6.45</b>	<b>\$6.29</b>	<b>\$6.61</b>	<b>\$4.41</b>	<b>\$8.34</b>

Payment Code	LP	15	15	\$83.43	\$83.43	\$83.43	\$80.81	\$85.43
<b>J2353</b>	1	345	33	84.36	83.67	85.05	77.95	90.12
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	30	84.39	83.41	85.37	75.19	92.39
<b>\$85.39</b>	3	1,158	23	85.48	84.21	86.75	80.77	93.75
2004 Allowed Amount	4	1,944	14	84.61	82.71	86.51	75.53	93.75
<b>\$40,309,799.57</b>	5	1,512	8	83.33	81.10	85.56	76.01	87.33
	<b>Total</b>	<b>5,703</b>	<b>123</b>	<b>\$84.40</b>	<b>\$83.57</b>	<b>\$85.24</b>	<b>\$75.19</b>	<b>\$93.75</b>

Payment Code	LP	15	15	\$53.22	\$53.22	\$53.22	\$40.94	\$80.89
<b>J2430</b>	1	345	34	51.45	49.87	53.03	40.44	61.14
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	32	53.59	52.34	54.84	41.46	63.79
<b>\$59.06</b>	3	1,158	31	54.32	53.03	55.61	47.67	66.95
2004 Allowed Amount	4	1,944	23	60.13	51.57	68.69	45.00	159.81
<b>\$104,541,845.29</b>	5	1,512	15	56.09	52.74	59.44	47.67	79.92
	<b>Total</b>	<b>5,703</b>	<b>150</b>	<b>\$56.50</b>	<b>\$53.57</b>	<b>\$59.43</b>	<b>\$40.44</b>	<b>\$159.81</b>

<sup>1</sup>No projection was made because we received either one response or zero responses. This stratum was not used in the total average purchase price. As a result, the total average purchase price relates to 3,033 practice/months.



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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$15.26	\$15.26	\$15.26	\$14.48	\$16.26
<b>J2469</b>	1	345	37	15.60	15.26	15.94	9.78	17.19
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	32	16.07	15.85	16.29	14.48	17.54
<b>\$18.23</b>	3	1,158	27	15.59	15.01	16.17	9.78	17.72
2004 Allowed Amount	4	1,944	23	16.04	15.50	16.58	10.36	17.74
<b>This code was</b>	5	1,512	13	17.75	15.17	20.33	11.49	29.81
<b>new in 2005.</b>	<b>Total</b>	<b>5,703</b>	<b>147</b>	<b>\$16.38</b>	<b>\$15.71</b>	<b>\$17.04</b>	<b>\$9.78</b>	<b>\$29.81</b>

Payment Code	LP	15	12	\$1,661.53	\$1,646.41	\$1,676.65	\$1,598.85	\$1,726.52
<b>J2505</b>	1	345	39	1,835.80	1,787.52	1,884.08	1,598.46	2,185.02
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	38	1,935.64	1,888.60	1,982.68	1,598.85	2,364.03
<b>\$2,273.93</b>	3	1,158	38	2,005.04	1,943.49	2,066.59	1,744.13	2,444.19
2004 Allowed Amount	4	1,944	25	2,143.73	2,067.84	2,219.62	1,800.36	2,535.41
<b>\$406,609,308.13</b>	5	1,512	22	2,187.63	2,099.69	2,275.57	1,629.44	2,603.04
	<b>Total</b>	<b>5,703</b>	<b>174</b>	<b>\$2,080.71</b>	<b>\$2,044.51</b>	<b>\$2,116.92</b>	<b>\$1,598.46</b>	<b>\$2,603.04</b>

Payment Code	LP	15	11	\$20.69	\$19.38	\$22.00	\$16.87	\$26.88
<b>J2820</b>	1	345	13	20.46	18.38	22.54	15.91	26.45
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	10	20.99	18.21	23.77	13.89	26.88
<b>\$21.67</b>	3	1,158	6	24.38	21.19	27.57	19.36	26.92
2004 Allowed Amount	4	1,944	2	20.03	<sup>(2)</sup>	59.43	13.79	26.28
<b>\$14,952,588.79</b>	5	1,512	<sup>(3)</sup>	N/A	N/A	N/A	25.53	25.53
	<b>Total</b>	<b>5,703</b>	<b>42</b>	<b>\$21.44</b>	<b>\$16.60</b>	<b>\$26.28</b>	<b>\$13.79</b>	<b>\$26.92</b>

Payment Code	LP	15	15	\$188.47	\$188.47	\$188.47	\$183.16	\$191.88
<b>J3487</b>	1	345	39	191.55	190.98	192.12	184.68	197.88
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	38	191.74	191.13	192.35	186.58	198.08
<b>\$198.39</b>	3	1,158	37	191.84	191.26	192.42	186.29	198.79
2004 Allowed Amount	4	1,944	32	193.18	192.23	194.13	189.96	203.98
<b>\$178,234,619.17</b>	5	1,512	21	194.45	192.19	196.71	187.54	210.40
	<b>Total</b>	<b>5,703</b>	<b>182</b>	<b>\$192.95</b>	<b>\$192.29</b>	<b>\$193.61</b>	<b>\$183.16</b>	<b>\$210.40</b>

<sup>2</sup>We did not report the lower limit because it was a negative number due to the variability of the sample items.

<sup>3</sup>No projection was made because we received only one response. This stratum was not used in the total average purchase price. As a result, the total average purchase price relates to 4,191 practice/months.

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$4.94	\$4.94	\$4.94	\$4.75	\$5.61
<b>J9000</b>	1	345	37	4.83	4.71	4.95	3.03	5.31
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	37	5.12	4.96	5.28	4.25	7.42
<b>\$4.26</b>	3	1,158	36	5.14	4.97	5.31	4.25	6.97
2004 Allowed Amount	4	1,944	24	5.41	5.08	5.74	4.25	7.20
<b>\$5,347,499.81</b>	5	1,512	16	6.14	5.60	6.68	4.79	7.83
<b>Total</b>		<b>5,703</b>	<b>165</b>	<b>\$5.48</b>	<b>\$5.30</b>	<b>\$5.65</b>	<b>\$3.03</b>	<b>\$7.83</b>

Payment Code	LP	15	15	\$343.18	\$343.18	\$343.18	\$334.47	\$359.65
<b>J9001</b>	1	345	31	348.96	346.06	351.86	334.47	359.65
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	29	349.64	344.22	355.06	267.04	377.12
<b>\$359.63</b>	3	1,158	21	352.54	350.39	354.69	341.64	359.68
2004 Allowed Amount	4	1,944	13	355.44	351.03	359.85	328.32	362.65
<b>\$27,626,481.24</b>	5	1,512	11	353.99	350.38	357.60	346.76	371.00
<b>Total</b>		<b>5,703</b>	<b>120</b>	<b>\$353.30</b>	<b>\$351.46</b>	<b>\$355.14</b>	<b>\$267.04</b>	<b>\$377.12</b>

Payment Code	LP	15	15	\$54.58	\$54.58	\$54.58	\$53.55	\$55.85
<b>J9035</b>	1	345	39	55.16	54.99	55.33	53.55	56.13
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	55.20	55.06	55.34	53.82	56.13
<b>\$57.08</b>	3	1,158	36	55.17	55.00	55.34	53.75	56.13
2004 Allowed Amount	4	1,944	25	55.29	55.00	55.58	53.45	57.58
<b>This code was new in 2005.</b>	5	1,512	10	55.40	54.87	55.93	54.31	57.30
<b>Total</b>		<b>5,703</b>	<b>164</b>	<b>\$55.27</b>	<b>\$55.11</b>	<b>\$55.43</b>	<b>\$53.45</b>	<b>\$57.58</b>

Payment Code	LP	15	15	\$13.86	\$13.86	\$13.86	\$11.23	\$17.56
<b>J9045</b>	1	345	37	14.21	13.76	14.66	10.36	17.66
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	37	15.22	14.43	16.01	11.47	25.58
<b>\$125.47</b>	3	1,158	38	14.95	14.04	15.86	11.99	32.54
2004 Allowed Amount	4	1,944	32	15.29	14.25	16.33	11.69	31.44
<b>\$201,785,583.74</b>	5	1,512	20	19.42	12.59	26.25	12.43	94.00
<b>Total</b>		<b>5,703</b>	<b>179</b>	<b>\$16.24</b>	<b>\$14.47</b>	<b>\$18.01</b>	<b>\$10.36</b>	<b>\$94.00</b>

	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$1.88	\$1.88	\$1.88	\$1.84	\$1.94
<b>J9060</b>	1	345	37	2.02	1.97	2.07	1.87	2.68
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	37	2.14	2.00	2.28	1.78	4.78
<b>\$4.96</b>	3	1,158	32	2.07	1.99	2.15	1.87	3.03
2004 Allowed Amount	4	1,944	19	2.07	2.00	2.14	1.90	2.52
<b>\$3,515,165.63</b>	5	1,512	11	1.96	1.93	1.99	1.85	2.04
	<b>Total</b>	<b>5,703</b>	<b>151</b>	<b>\$2.05</b>	<b>\$2.01</b>	<b>\$2.08</b>	<b>\$1.78</b>	<b>\$4.78</b>

Payment Code	LP	15	15	\$1.79	\$1.79	\$1.79	\$1.57	\$2.01
<b>J9070</b>	1	345	38	1.84	1.79	1.89	1.55	2.18
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	38	1.90	1.87	1.93	1.55	2.20
<b>\$2.34</b>	3	1,158	37	2.01	1.96	2.06	1.55	2.43
2004 Allowed Amount	4	1,944	29	2.09	2.01	2.17	1.80	2.93
<b>\$888,971.95</b>	5	1,512	20	2.09	1.98	2.20	1.67	3.11
	<b>Total</b>	<b>5,703</b>	<b>177</b>	<b>\$2.03</b>	<b>\$1.99</b>	<b>\$2.07</b>	<b>\$1.55</b>	<b>\$3.11</b>

Payment Code	LP	15	2	N/A	N/A	N/A	\$1,308.00	\$1,358.49
<b>J9160<sup>4</sup></b>	1	345	3	N/A	N/A	N/A	1,334.83	1,358.49
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	3	N/A	N/A	N/A	1,308.00	1,358.49
<b>\$1,205.53</b>	3	1,158	0	N/A	N/A	N/A	0.00	0.00
2004 Allowed Amount	4	1,944	1	N/A	N/A	N/A	1,376.84	1,376.84
<b>\$5,195,080.95</b>	5	1,512	0	N/A	N/A	N/A	0.00	0.00
	<b>Total</b>	<b>5,703</b>	<b>9</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$1,308.00</b>	<b>\$1,376.84</b>

Payment Code	LP	15	15	\$266.49	\$266.49	\$266.49	\$260.77	\$276.46
<b>J9170</b>	1	345	39	274.77	271.72	277.82	251.49	310.44
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	277.66	274.11	281.21	247.62	310.76
<b>\$297.58</b>	3	1,158	38	279.07	276.11	282.03	248.35	311.86
2004 Allowed Amount	4	1,944	31	282.73	276.43	289.03	234.56	336.96
<b>\$216,485,633.40</b>	5	1,512	19	282.33	274.82	289.84	249.42	323.44
	<b>Total</b>	<b>5,703</b>	<b>181</b>	<b>\$280.71</b>	<b>\$277.79</b>	<b>\$283.63</b>	<b>\$234.56</b>	<b>\$336.96</b>

<sup>4</sup>No projections were made for this payment code.

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$0.42	\$0.42	\$0.42	\$0.37	\$0.53
<b>J9181</b>	1	345	37	0.44	0.40	0.48	0.33	1.36
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	34	0.44	0.43	0.45	0.40	0.62
<b>\$0.49</b>	3	1,158	28	0.47	0.40	0.54	0.39	1.53
2004 Allowed Amount	4	1,944	23	0.42	0.41	0.43	0.39	0.54
<b>\$1,012,476.41</b>	5	1,512	12	0.51	0.43	0.59	0.40	0.96
	<b>Total</b>	<b>5,703</b>	<b>149</b>	<b>\$0.46</b>	<b>\$0.43</b>	<b>\$0.48</b>	<b>\$0.33</b>	<b>\$1.53</b>

Payment Code	LP	15	15	\$228.97	\$228.97	\$228.97	\$194.98	\$256.55
<b>J9185</b>	1	345	35	245.56	238.24	252.88	194.98	271.57
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	32	257.04	252.67	261.41	194.98	306.60
<b>\$272.10</b>	3	1,158	24	265.81	259.43	272.19	247.12	316.89
2004 Allowed Amount	4	1,944	20	264.14	258.57	269.71	249.04	310.06
<b>\$27,505,068.48</b>	5	1,512	17	267.03	259.13	274.93	255.36	318.68
	<b>Total</b>	<b>5,703</b>	<b>143</b>	<b>\$263.12</b>	<b>\$260.10</b>	<b>\$266.15</b>	<b>\$194.98</b>	<b>\$318.68</b>

Payment Code	LP	15	15	\$1.22	\$1.22	\$1.22	\$0.98	\$1.52
<b>J9190</b>	1	345	39	1.21	1.13	1.29	0.92	1.84
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	36	1.26	1.16	1.36	0.71	1.87
<b>\$1.68</b>	3	1,158	37	1.37	1.25	1.49	0.96	2.58
2004 Allowed Amount	4	1,944	28	1.57	1.45	1.69	0.99	2.02
<b>\$2,065,311.40</b>	5	1,512	15	1.64	1.40	1.88	0.99	2.75
	<b>Total</b>	<b>5,703</b>	<b>170</b>	<b>\$1.49</b>	<b>\$1.41</b>	<b>\$1.56</b>	<b>\$0.71</b>	<b>\$2.75</b>

Payment Code	LP	15	15	\$107.49	\$107.49	\$107.49	\$104.58	\$109.10
<b>J9201</b>	1	345	39	110.08	109.69	110.47	107.68	112.71
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	110.87	110.55	111.19	108.00	113.04
<b>\$115.34</b>	3	1,158	38	111.21	110.88	111.54	108.34	114.83
2004 Allowed Amount	4	1,944	29	111.78	111.01	112.55	108.20	122.18
<b>\$149,841,280.76</b>	5	1,512	24	111.65	111.16	112.14	108.60	116.00
	<b>Total</b>	<b>5,703</b>	<b>184</b>	<b>\$111.40</b>	<b>\$111.10</b>	<b>\$111.70</b>	<b>\$104.58</b>	<b>\$122.18</b>

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$121.81	\$121.81	\$121.81	\$119.65	\$123.47
<b>J9206</b>	1	345	38	122.37	122.09	122.65	120.28	124.41
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	122.80	122.42	123.18	119.12	127.58
<b>\$125.58</b>	3	1,158	35	122.58	122.32	122.84	120.43	123.70
2004 Allowed Amount	4	1,944	18	123.02	122.27	123.77	119.28	127.29
<b>\$113,956,826.81</b>	5	1,512	17	123.54	122.24	124.84	119.77	133.40
	<b>Total</b>	<b>5,703</b>	<b>162</b>	<b>\$123.00</b>	<b>\$122.59</b>	<b>\$123.40</b>	<b>\$119.12</b>	<b>\$133.40</b>

Payment Code	LP	15	13	\$274.85	\$242.67	\$307.03	\$151.55	\$573.87
<b>J9217</b>	1	345	18	239.17	178.28	300.06	151.77	573.87
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	18	254.31	181.83	326.79	151.79	601.71
<b>\$253.13</b>	3	1,158	13	237.38	163.82	310.94	151.78	581.18
2004 Allowed Amount	4	1,944	7	354.33	200.80	507.86	151.80	586.46
<b>\$27,558,995.86</b>	5	1,512	10	236.33	134.90	337.76	151.78	578.75
	<b>Total</b>	<b>5,703</b>	<b>79</b>	<b>\$279.34</b>	<b>\$226.21</b>	<b>\$332.47</b>	<b>\$151.55</b>	<b>\$601.71</b>

Payment Code	LP	15	15	\$7.75	\$7.75	\$7.75	\$7.53	\$8.01
<b>J9263</b>	1	345	39	7.97	7.92	8.02	7.64	8.34
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	39	8.01	7.96	8.06	7.78	8.36
<b>\$8.24</b>	3	1,158	36	8.05	8.00	8.10	7.73	8.33
2004 Allowed Amount	4	1,944	28	8.13	8.07	8.19	7.78	8.42
<b>\$170,054,661.96</b>	5	1,512	14	8.05	7.95	8.15	7.81	8.66
	<b>Total</b>	<b>5,703</b>	<b>171</b>	<b>\$8.07</b>	<b>\$8.04</b>	<b>\$8.10</b>	<b>\$7.53</b>	<b>\$8.66</b>

Payment Code	LP	15	15	\$15.37	\$15.37	\$15.37	\$14.03	\$16.53
<b>J9265</b>	1	345	38	15.82	15.63	16.01	14.33	17.73
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	36	16.25	15.77	16.73	12.50	22.00
<b>\$15.85</b>	3	1,158	37	16.07	15.72	16.42	14.57	19.29
2004 Allowed Amount	4	1,944	28	17.49	15.72	19.26	14.70	40.82
<b>\$202,844,123.85</b>	5	1,512	19	16.65	16.11	17.19	14.70	19.05
	<b>Total</b>	<b>5,703</b>	<b>173</b>	<b>\$16.71</b>	<b>\$16.11</b>	<b>\$17.32</b>	<b>\$12.50</b>	<b>\$40.82</b>

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$314.17	\$314.17	\$314.17	\$310.75	\$318.18
<b>J9293</b>	1	345	37	313.74	312.64	314.84	304.99	323.24
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	26	313.49	310.79	316.19	278.07	318.18
<b>\$321.80</b>	3	1,158	15	314.65	312.92	316.38	306.08	318.18
2004 Allowed Amount	4	1,944	5	317.29	309.45	325.13	304.84	328.02
<b>\$21,307,270.57</b>	5	1,512	4	317.49	316.47	318.51	316.37	318.18
	<b>Total</b>	<b>5,703</b>	<b>102</b>	<b>\$316.10</b>	<b>\$313.98</b>	<b>\$318.22</b>	<b>\$278.07</b>	<b>\$328.02</b>

Payment Code	LP	15	15	\$437.63	\$437.63	\$437.63	\$430.11	\$445.71
<b>J9310</b>	1	345	38	438.82	437.59	440.05	430.04	445.71
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	38	439.83	438.73	440.93	429.45	445.71
<b>\$442.01</b>	3	1,158	37	440.09	438.90	441.28	428.93	445.78
2004 Allowed Amount	4	1,944	29	440.80	438.68	442.92	426.55	459.49
<b>\$ 494,729,614.79</b>	5	1,512	21	439.65	437.89	441.41	432.24	445.71
	<b>Total</b>	<b>5,703</b>	<b>178</b>	<b>\$440.10</b>	<b>\$439.22</b>	<b>\$440.98</b>	<b>\$426.55</b>	<b>\$459.49</b>

Payment Code	LP	15	15	\$733.44	\$733.44	\$733.44	\$701.55	\$757.67
<b>J9350</b>	1	345	35	734.47	729.33	739.61	697.94	771.74
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	25	726.76	721.60	731.92	685.60	757.67
<b>\$739.69</b>	3	1,158	17	727.74	719.59	735.89	705.24	789.24
2004 Allowed Amount	4	1,944	14	735.32	726.79	743.85	719.78	768.10
<b>\$31,681,593.26</b>	5	1,512	9	728.72	714.36	743.08	712.58	789.42
	<b>Total</b>	<b>5,703</b>	<b>115</b>	<b>\$730.88</b>	<b>\$726.27</b>	<b>\$735.48</b>	<b>\$685.60</b>	<b>\$789.42</b>

Payment Code	LP	15	15	\$51.21	\$51.21	\$51.21	\$48.72	\$53.25
<b>J9355</b>	1	345	39	51.84	51.53	52.15	50.08	54.05
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	37	51.50	51.18	51.82	50.09	54.05
<b>\$52.99</b>	3	1,158	33	51.85	51.44	52.26	49.48	54.05
2004 Allowed Amount	4	1,944	22	51.99	51.51	52.47	50.07	54.26
<b>\$79,092,572.46</b>	5	1,512	13	51.66	51.00	52.32	50.19	54.32
	<b>Total</b>	<b>5,703</b>	<b>159</b>	<b>\$51.80</b>	<b>\$51.56</b>	<b>\$52.04</b>	<b>\$48.72</b>	<b>\$54.32</b>

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	Stratum	Total Practice/ Months	Sample Size	Average Purchase Price	90% Confidence Interval		Actual Purchases	
					Lower Limit	Upper Limit	Lowest	Highest
Payment Code	LP	15	15	\$2.58	\$2.58	\$2.58	\$2.39	\$2.73
<b>J9370</b>	1	345	39	2.75	2.65	2.85	2.42	4.50
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	32	2.81	2.69	2.93	2.25	4.02
<b>\$3.50</b>	3	1,158	33	3.02	2.70	3.34	2.43	7.24
2004 Allowed Amount	4	1,944	25	3.27	2.69	3.85	2.50	10.89
<b>\$1,597,611.18</b>	5	1,512	14	3.49	2.78	4.20	1.98	6.78
	<b>Total</b>	<b>5,703</b>	<b>158</b>	<b>\$3.18</b>	<b>\$2.92</b>	<b>\$3.45</b>	<b>\$1.98</b>	<b>\$10.89</b>

Payment Code	LP	15	15	\$32.84	\$32.84	\$32.84	\$29.88	\$38.02
<b>J9390</b>	1	345	38	32.95	32.37	33.53	29.31	38.78
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	38	33.61	32.95	34.27	24.78	39.34
<b>\$69.09</b>	3	1,158	33	33.96	33.22	34.70	30.31	40.94
2004 Allowed Amount	4	1,944	20	36.06	30.59	41.53	27.60	95.97
<b>\$23,880,176.05</b>	5	1,512	16	38.27	32.79	43.75	30.44	69.99
	<b>Total</b>	<b>5,703</b>	<b>160</b>	<b>\$35.71</b>	<b>\$33.46</b>	<b>\$37.96</b>	<b>\$24.78</b>	<b>\$95.97</b>

Payment Code	LP	15	15	\$79.24	\$79.24	\$79.24	\$77.41	\$81.33
<b>J9395</b>	1	345	37	79.31	78.94	79.68	75.93	81.70
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	34	79.92	79.52	80.32	76.92	81.70
<b>\$80.51</b>	3	1,158	33	80.14	79.80	80.48	76.88	82.84
2004 Allowed Amount	4	1,944	20	79.80	79.09	80.51	76.45	84.22
<b>\$29,707,527.72</b>	5	1,512	7	80.26	79.51	81.01	78.24	81.70
	<b>Total</b>	<b>5,703</b>	<b>146</b>	<b>\$79.97</b>	<b>\$79.68</b>	<b>\$80.27</b>	<b>\$75.93</b>	<b>\$84.22</b>

Payment Code	LP	15	15	\$9.56	\$9.56	\$9.56	\$6.38	\$11.24
<b>Q0136</b>	1	345	33	9.23	8.91	9.55	6.75	11.18
1 <sup>st</sup> Quarter Reimbursement Amount	2	729	33	8.83	8.52	9.14	6.89	10.74
<b>\$10.60</b>	3	1,158	34	9.45	9.25	9.65	7.61	11.05
2004 Allowed Amount	4	1,944	31	9.17	8.78	9.56	4.57	11.02
<b>\$753,463,938.13</b>	5	1,512	25	9.21	8.94	9.48	7.42	10.73
	<b>Total</b>	<b>5,703</b>	<b>171</b>	<b>\$9.20</b>	<b>\$9.04</b>	<b>\$9.36</b>	<b>\$4.57</b>	<b>\$11.24</b>

**ESTIMATED PERCENTAGE OF PRACTICE/MONTHS FOR WHICH  
PHYSICIAN PRACTICES COULD PURCHASE DRUGS  
AT LESS THAN REIMBURSEMENT**

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage <sup>1</sup>	Lower Limit at 90% Confidence Interval <sup>2</sup>	Estimated Practice/ Months
Payment Code <b>J0207</b>	LP	15	12	12	100.0%	100.0%	15
	1	345	19	17	89.5%	77.9%	309
	2	729	13	12	92.3%	79.8%	673
	3	1,158	6	4	66.7%	32.1%	772
	4	1,944	6	5	83.3%	56.0%	1,620
	5	1,512	3	3	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>59</b>	<b>53</b>	<b>85.9%</b>	<b>74.1%</b>	<b>4,901</b>

Payment Code <b>J0640</b>	LP	15	14	14	100.0%	100.0%	15
	1	345	39	38	97.4%	93.5%	336
	2	729	39	35	89.7%	81.9%	654
	3	1,158	38	33	86.8%	77.9%	1,006
	4	1,944	28	21	75.0%	61.4%	1,458
	5	1,512	23	17	73.9%	58.6%	1,118
	<b>Total</b>	<b>5,703</b>	<b>181</b>	<b>158</b>	<b>80.4%</b>	<b>73.9%</b>	<b>4,587</b>

Payment Code <b>J0880</b>	LP	15	13	13	100.0%	100.0%	15
	1	345	39	37	94.9%	89.3%	327
	2	729	37	35	94.6%	88.6%	690
	3	1,158	36	34	94.4%	88.2%	1,094
	4	1,944	26	17	65.4%	49.8%	1,271
	5	1,512	21	13	61.9%	44.2%	936
	<b>Total</b>	<b>5,703</b>	<b>172</b>	<b>149</b>	<b>76.0%</b>	<b>68.7%</b>	<b>4,333</b>

Payment Code <b>J1100</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	34	34	100.0%	100.0%	345
	2	729	31	30	96.8%	91.6%	705
	3	1,158	35	34	97.1%	92.5%	1,125
	4	1,944	20	20	100.0%	100.0%	1,944
	5	1,512	5	5	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>140</b>	<b>138</b>	<b>99.0%</b>	<b>97.9%</b>	<b>5,646</b>

<sup>1</sup>The total estimated percentage was weighted based on the number of practice/months associated with each stratum.

<sup>2</sup>We are 95-percent confident that for at least the lower limit percentages of practice/months, the physician practices could have purchased the drugs at less than the reimbursement amount.



	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J1200</b>	LP	15	15	14	93.3%	93.3%	14
	1	345	36	30	83.3%	73.5%	288
	2	729	34	21	61.8%	48.2%	450
	3	1,158	29	16	55.2%	39.9%	639
	4	1,944	18	10	55.6%	35.8%	1,080
	5	1,512	8	5	62.5%	32.5%	945
	<b>Total</b>	<b>5,703</b>	<b>140</b>	<b>96</b>	<b>59.9%</b>	<b>48.9%</b>	<b>3,416</b>

Payment Code <b>J1260</b>	LP	15	10	10	100.0%	100.0%	15
	1	345	24	24	100.0%	100.0%	345
	2	729	28	28	100.0%	100.0%	729
	3	1,158	23	23	100.0%	100.0%	1,158
	4	1,944	16	16	100.0%	100.0%	1,944
	5	1,512	11	11	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>112</b>	<b>112</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5,703</b>

Payment Code <b>J1441</b>	LP	15	12	12	100.0%	100.0%	15
	1	345	33	33	100.0%	100.0%	345
	2	729	30	30	100.0%	100.0%	729
	3	1,158	22	21	95.5%	88.1%	1,105
	4	1,944	16	16	100.0%	100.0%	1,944
	5	1,512	8	8	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>121</b>	<b>120</b>	<b>99.1%</b>	<b>97.6%</b>	<b>5,650</b>

Payment Code <b>J1563</b>	LP	15	15	14	93.3%	93.3%	14
	1	345	25	20	80.0%	67.1%	276
	2	729	25	19	76.0%	61.9%	554
	3	1,158	17	10	58.8%	38.7%	681
	4	1,944	7	1	14.3%	<sup>(3)</sup>	278
	5	1,512	5	4	80.0%	47.2%	1,210
	<b>Total</b>	<b>5,703</b>	<b>94</b>	<b>68</b>	<b>52.8%</b>	<b>40.2%</b>	<b>3,013</b>

Payment Code <b>J1626</b>	LP	15	13	13	100.0%	100.0%	15
	1	345	30	29	96.7%	91.4%	334
	2	729	26	25	96.2%	89.9%	701
	3	1,158	21	20	95.2%	87.5%	1,103
	4	1,944	11	10	90.9%	76.0%	1,767
	5	1,512	12	10	83.3%	64.9%	1,260
	<b>Total</b>	<b>5,703</b>	<b>113</b>	<b>107</b>	<b>90.8%</b>	<b>83.6%</b>	<b>5,180</b>

<sup>3</sup>We did not report the lower limit because it was a negative number due to the variability of the sample items.

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J1650</b>	LP	15	6	0	0.0%	0.0%	0
	1	345	22	1	4.5%	(4)	16
	2	729	12	0	0.0%	0.0%	0
	3	1,158	(5)	N/A	N/A	N/A	N/A
	4	1,944	3	0	0.0%	0.0%	0
	5	1,512	(5)	N/A	N/A	N/A	N/A
	<b>Total</b>	<b>5,703</b>	<b>43</b>	<b>1</b>	<b>0.5%</b>	(4)	<b>16</b>

Payment Code <b>J2353</b>	LP	15	15	14	93.3%	93.3%	14
	1	345	33	21	63.6%	50.3%	220
	2	729	30	22	73.3%	60.1%	535
	3	1,158	23	13	56.5%	39.3%	655
	4	1,944	14	9	64.3%	42.5%	1,250
	5	1,512	8	7	87.5%	67.0%	1,323
	<b>Total</b>	<b>5,703</b>	<b>123</b>	<b>86</b>	<b>70.1%</b>	<b>60.0%</b>	<b>3,995</b>

Payment Code <b>J2430</b>	LP	15	15	13	86.7%	86.7%	13
	1	345	34	33	97.1%	92.5%	335
	2	729	32	31	96.9%	91.8%	706
	3	1,158	31	28	90.3%	81.6%	1,046
	4	1,944	23	19	82.6%	69.4%	1,606
	5	1,512	15	13	86.7%	71.8%	1,310
	<b>Total</b>	<b>5,703</b>	<b>150</b>	<b>137</b>	<b>88.0%</b>	<b>81.7%</b>	<b>5,016</b>

Payment Code <b>J2469</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	37	37	100.0%	100.0%	345
	2	729	32	32	100.0%	100.0%	729
	3	1,158	27	27	100.0%	100.0%	1,158
	4	1,944	23	23	100.0%	100.0%	1,944
	5	1,512	13	11	84.6%	67.6%	1,279
	<b>Total</b>	<b>5,703</b>	<b>147</b>	<b>145</b>	<b>95.9%</b>	<b>91.4%</b>	<b>5,470</b>

Payment Code <b>J2505</b>	LP	15	12	12	100.0%	100.0%	15
	1	345	39	39	100.0%	100.0%	345
	2	729	38	36	94.7%	88.9%	691
	3	1,158	38	31	81.6%	71.3%	945
	4	1,944	25	16	64.0%	48.0%	1,244
	5	1,512	22	13	59.1%	41.6%	893
	<b>Total</b>	<b>5,703</b>	<b>174</b>	<b>147</b>	<b>72.5%</b>	<b>65.0%</b>	<b>4,133</b>

<sup>4</sup>Id.<sup>5</sup>No projection was made because we received either one response or zero responses. This stratum was not used in the total estimated percentage. As a result, the total estimated percentage relates to 3,033 practice/months.

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J2820</b>	LP	15	11	7	63.6%	50.7%	10
	1	345	13	8	61.5%	38.9%	212
	2	729	10	5	50.0%	22.8%	365
	3	1,158	6	2	33.3%	<sup>(6)</sup>	386
	4	1,944	2	1	50.0%	<sup>(6)</sup>	972
	5	1,512	<sup>(7)</sup>	N/A	N/A	N/A	N/A
	<b>Total</b>	<b>5,703</b>	<b>42</b>	<b>23</b>	<b>46.4%</b>	<b>6.8%</b>	<b>1,944</b>

Payment Code <b>J3487</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	39	100.0%	100.0%	345
	2	729	38	38	100.0%	100.0%	729
	3	1,158	37	36	97.3%	92.9%	1,127
	4	1,944	32	29	90.6%	82.1%	1,762
	5	1,512	21	18	85.7%	72.9%	1,296
	<b>Total</b>	<b>5,703</b>	<b>182</b>	<b>175</b>	<b>92.5%</b>	<b>87.9%</b>	<b>5,273</b>

Payment Code <b>J9000</b>	LP	15	15	0	0.0%	0.0%	0
	1	345	37	2	5.4%	<sup>(6)</sup>	19
	2	729	37	1	2.7%	<sup>(6)</sup>	20
	3	1,158	36	1	2.8%	<sup>(6)</sup>	32
	4	1,944	24	2	8.3%	<sup>(6)</sup>	162
	5	1,512	16	0	0.0%	<sup>(6)</sup>	0
	<b>Total</b>	<b>5,703</b>	<b>165</b>	<b>6</b>	<b>4.1%</b>	<b>0.7%</b>	<b>233</b>

Payment Code <b>J9001</b>	LP	15	15	12	80.0%	80.0%	12
	1	345	31	23	74.2%	61.7%	256
	2	729	29	24	82.8%	71.3%	603
	3	1,158	21	18	85.7%	73.0%	993
	4	1,944	13	6	46.2%	22.6%	897
	5	1,512	11	10	90.9%	76.0%	1,375
	<b>Total</b>	<b>5,703</b>	<b>120</b>	<b>93</b>	<b>72.5%</b>	<b>63.0%</b>	<b>4,136</b>

Payment Code <b>J9035</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	39	100.0%	100.0%	345
	2	729	39	39	100.0%	100.0%	729
	3	1,158	36	36	100.0%	100.0%	1,158
	4	1,944	25	24	96.0%	89.5%	1,866
	5	1,512	10	9	90.0%	73.6%	1,361
	<b>Total</b>	<b>5,703</b>	<b>164</b>	<b>162</b>	<b>96.0%</b>	<b>91.1%</b>	<b>5,474</b>

<sup>6</sup>We did not report the lower limit because it was a negative number due to the variability of the sample items.

<sup>7</sup>No projection was made because we received only one response. This stratum was not used in the total estimated percentage. As a result, the total estimated percentage relates to 4,191 practice/months.

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J9045</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	37	37	100.0%	100.0%	345
	2	729	37	37	100.0%	100.0%	729
	3	1,158	38	38	100.0%	100.0%	1,158
	4	1,944	32	32	100.0%	100.0%	1,944
	5	1,512	20	20	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>179</b>	<b>179</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5,703</b>

Payment Code <b>J9060</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	37	37	100.0%	100.0%	345
	2	729	37	37	100.0%	100.0%	729
	3	1,158	32	32	100.0%	100.0%	1,158
	4	1,944	19	19	100.0%	100.0%	1,944
	5	1,512	11	11	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>151</b>	<b>151</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5,703</b>

Payment Code <b>J9070</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	38	38	100.0%	100.0%	345
	2	729	38	38	100.0%	100.0%	729
	3	1,158	37	34	91.9%	84.5%	1,064
	4	1,944	29	26	89.7%	80.3%	1,743
	5	1,512	20	16	80.0%	65.0%	1,210
	<b>Total</b>	<b>5,703</b>	<b>177</b>	<b>167</b>	<b>89.5%</b>	<b>84.2%</b>	<b>5,106</b>

Payment Code <b>J9170</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	37	94.9%	89.3%	327
	2	729	39	36	92.3%	85.4%	673
	3	1,158	38	35	92.1%	84.9%	1,067
	4	1,944	31	24	77.4%	65.0%	1,505
	5	1,512	19	15	78.9%	63.2%	1,194
	<b>Total</b>	<b>5,703</b>	<b>181</b>	<b>162</b>	<b>83.8%</b>	<b>77.6%</b>	<b>4,781</b>

Payment Code <b>J9181</b>	LP	15	15	12	80.0%	80.0%	12
	1	345	37	35	94.6%	88.7%	326
	2	729	34	31	91.2%	83.2%	665
	3	1,158	28	24	85.7%	74.8%	993
	4	1,944	23	22	95.7%	88.5%	1,859
	5	1,512	12	7	58.3%	34.0%	882
	<b>Total</b>	<b>5,703</b>	<b>149</b>	<b>131</b>	<b>83.1%</b>	<b>75.7%</b>	<b>4,737</b>

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J9185</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	35	35	100.0%	100.0%	345
	2	729	32	31	96.9%	91.8%	706
	3	1,158	24	20	83.3%	70.7%	965
	4	1,944	20	18	90.0%	78.7%	1,750
	5	1,512	17	14	82.4%	66.8%	1,245
	<b>Total</b>	<b>5,703</b>	<b>143</b>	<b>133</b>	<b>88.1%</b>	<b>81.9%</b>	<b>5,026</b>

Payment Code <b>J9190</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	35	89.7%	82.1%	310
	2	729	36	26	72.2%	60.1%	527
	3	1,158	37	24	64.9%	52.0%	751
	4	1,944	28	12	42.9%	27.3%	833
	5	1,512	15	5	33.3%	12.7%	504
	<b>Total</b>	<b>5,703</b>	<b>170</b>	<b>117</b>	<b>51.5%</b>	<b>43.3%</b>	<b>2,939</b>

Payment Code <b>J9201</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	39	100.0%	100.0%	345
	2	729	39	39	100.0%	100.0%	729
	3	1,158	38	38	100.0%	100.0%	1,158
	4	1,944	29	27	93.1%	85.3%	1,810
	5	1,512	24	23	95.8%	89.0%	1,449
	<b>Total</b>	<b>5,703</b>	<b>184</b>	<b>181</b>	<b>96.5%</b>	<b>93.3%</b>	<b>5,506</b>

Payment Code <b>J9206</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	38	38	100.0%	100.0%	345
	2	729	39	38	97.4%	93.3%	710
	3	1,158	35	35	100.0%	100.0%	1,158
	4	1,944	18	17	94.4%	85.3%	1,836
	5	1,512	17	15	88.2%	75.1%	1,334
	<b>Total</b>	<b>5,703</b>	<b>162</b>	<b>158</b>	<b>94.7%</b>	<b>90.0%</b>	<b>5,398</b>

Payment Code <b>J9217</b>	LP	15	13	9	69.2%	61.2%	10
	1	345	18	14	77.8%	61.6%	268
	2	729	18	14	77.8%	61.4%	567
	3	1,158	13	11	84.6%	67.6%	980
	4	1,944	7	4	57.1%	24.0%	1,111
	5	1,512	10	8	80.0%	58.1%	1,210
	<b>Total</b>	<b>5,703</b>	<b>79</b>	<b>60</b>	<b>72.7%</b>	<b>59.3%</b>	<b>4,146</b>

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J9263</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	34	87.2%	78.8%	301
	2	729	39	33	84.6%	75.2%	617
	3	1,158	36	30	83.3%	73.1%	965
	4	1,944	28	17	60.7%	45.4%	1,180
	5	1,512	14	12	85.7%	69.8%	1,296
	<b>Total</b>	<b>5,703</b>	<b>171</b>	<b>141</b>	<b>76.7%</b>	<b>69.5%</b>	<b>4,374</b>

Payment Code <b>J9265</b>	LP	15	15	9	60.0%	60.0%	9
	1	345	38	19	50.0%	37.2%	173
	2	729	36	13	36.1%	23.1%	263
	3	1,158	37	19	51.4%	37.9%	595
	4	1,944	28	15	53.6%	37.9%	1,041
	5	1,512	19	8	42.1%	23.1%	637
	<b>Total</b>	<b>5,703</b>	<b>173</b>	<b>83</b>	<b>47.7%</b>	<b>39.6%</b>	<b>2,717</b>

Payment Code <b>J9293</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	37	36	97.3%	93.1%	336
	2	729	26	26	100.0%	100.0%	729
	3	1,158	15	15	100.0%	100.0%	1,158
	4	1,944	5	4	80.0%	47.1%	1,555
	5	1,512	4	4	100.0%	100.0%	1,512
	<b>Total</b>	<b>5,703</b>	<b>102</b>	<b>100</b>	<b>93.0%</b>	<b>81.8%</b>	<b>5,305</b>

Payment Code <b>J9310</b>	LP	15	15	9	60.0%	60.0%	9
	1	345	38	26	68.4%	56.6%	236
	2	729	38	25	65.8%	53.3%	480
	3	1,158	37	20	54.1%	40.6%	626
	4	1,944	29	15	51.7%	36.3%	1,006
	5	1,512	21	11	52.4%	34.1%	792
	<b>Total</b>	<b>5,703</b>	<b>178</b>	<b>106</b>	<b>55.2%</b>	<b>47.4%</b>	<b>3,148</b>

Payment Code <b>J9350</b>	LP	15	15	9	60.0%	60.0%	9
	1	345	35	22	62.9%	49.9%	217
	2	729	25	20	80.0%	66.8%	583
	3	1,158	17	15	88.2%	75.1%	1,022
	4	1,944	14	9	64.3%	42.5%	1,250
	5	1,512	9	8	88.9%	70.7%	1,344
	<b>Total</b>	<b>5,703</b>	<b>115</b>	<b>83</b>	<b>77.6%</b>	<b>68.1%</b>	<b>4,425</b>

	Stratum	Total Practice/ Months	Sample Size	Number of Practice/ Months	Estimated Percentage	Lower Limit at 90% Confidence Interval	Estimated Practice/ Months
Payment Code <b>J9355</b>	LP	15	15	11	73.3%	73.3%	11
	1	345	39	27	69.2%	57.6%	239
	2	729	37	31	83.8%	73.9%	611
	3	1,158	33	23	69.7%	56.5%	807
	4	1,944	22	16	72.7%	56.8%	1,414
	5	1,512	13	11	84.6%	67.6%	1,279
	<b>Total</b>	<b>5,703</b>	<b>159</b>	<b>119</b>	<b>76.5%</b>	<b>68.8%</b>	<b>4,361</b>

Payment Code <b>J9370</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	39	36	92.3%	85.6%	318
	2	729	32	29	90.6%	82.2%	661
	3	1,158	33	29	87.9%	78.5%	1,018
	4	1,944	25	21	84.0%	71.8%	1,633
	5	1,512	14	10	71.4%	50.9%	1,080
	<b>Total</b>	<b>5,703</b>	<b>158</b>	<b>140</b>	<b>82.8%</b>	<b>75.6%</b>	<b>4,725</b>

Payment Code <b>J9390</b>	LP	15	15	15	100.0%	100.0%	15
	1	345	38	38	100.0%	100.0%	345
	2	729	38	38	100.0%	100.0%	729
	3	1,158	33	33	100.0%	100.0%	1,158
	4	1,944	20	19	95.0%	86.8%	1,847
	5	1,512	16	14	87.5%	73.5%	1,323
	<b>Total</b>	<b>5,703</b>	<b>160</b>	<b>157</b>	<b>95.0%</b>	<b>90.3%</b>	<b>5,417</b>

Payment Code <b>J9395</b>	LP	15	15	12	80.0%	80.0%	12
	1	345	37	29	78.4%	67.7%	270
	2	729	34	24	70.6%	57.8%	515
	3	1,158	33	21	63.6%	49.9%	737
	4	1,944	20	15	75.0%	58.7%	1,458
	5	1,512	7	6	85.7%	62.3%	1,296
	<b>Total</b>	<b>5,703</b>	<b>146</b>	<b>107</b>	<b>75.2%</b>	<b>66.2%</b>	<b>4,288</b>

Payment Code <b>Q0136</b>	LP	15	15	13	86.7%	86.7%	13
	1	345	33	32	97.0%	92.2%	335
	2	729	33	32	97.0%	92.1%	707
	3	1,158	34	33	97.1%	92.3%	1,124
	4	1,944	31	30	96.8%	91.5%	1,881
	5	1,512	25	24	96.0%	89.5%	1,452
	<b>Total</b>	<b>5,703</b>	<b>171</b>	<b>164</b>	<b>96.6%</b>	<b>93.9%</b>	<b>5,511</b>



DEPARTMENT OF HEALTH & HUMAN SERVICES

APPENDIX F

Centers for Medicare & Medicaid Services

*Administrator*  
Washington, DC 20201

SEP 22 2005

**TO:** Daniel R. Levinson  
Inspector General

**FROM:** Mark B. McClellan M.D., Ph.D. *MM*  
Administrator

**SUBJECT:** Office of the Inspector General (OIG) Draft Report: "Adequacy of Reimbursement to Physician Practices for the Treatment of Cancer Patients." (A-06-05-00024)

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GENERAL

Thank you for the opportunity to review and comment on the OIG draft report entitled, "Adequacy of Reimbursement to Physician Practices for the Treatment of Cancer Patients." We appreciate the OIG's efforts to examine this important issue.

The OIG report compares Medicare reimbursement with physicians' average purchase price in first quarter 2005 for 39 oncology drugs (representing 94 percent of drug charges for the specialties of hematology, hematology/oncology, and medical oncology). The report recommends that Congress consider the results of its analysis in any deliberations concerning Medicare Part B reimbursement methodology for these drugs. We believe that the report provides valuable information about payment adequacy for Part B drugs used in cancer treatment, and we believe others will find it informative as well.

The OIG study found that in first quarter 2005 physician practices in the specialties of hematology, hematology/oncology, and medical oncology could generally purchase drugs for the treatment of cancer at less than the Medicare payment rates. For 35 of 39 drugs, the report found that the first quarter 2005 Medicare payment rate exceeded physicians' average purchase price. Furthermore, the report found that regardless of practice size, physician practices could purchase most of the 39 drugs at less than the reimbursement amount. These findings suggest that the Average Sales Price (ASP) system, which generally reduced Medicare reimbursement for oncology drugs beginning January 2005, has resulted in Medicare paying more appropriately for these drugs.

Thank you very much for your work on this report. The information it contains is very helpful in efforts to monitor payment adequacy under the new ASP system.